

Warrill Valley WSS

Scheme Performance Report 2021-22



Contents

- Introduction.....2
- Our Scheme3
- Our Customers3
- Working Together3
- Our Service Targets4
- Our Water4
- Our Operations5
- Our Water Prices6
- Our Expenditure7
- Our Cost Outlook.....7
- Our Annuity8
- Our Renewals.....8

Introduction

The Scheme Performance Report (SPR, formerly known as the Network Service Plan) is a key component of Seqwater’s consultation with its customers and is intended to provide useful and helpful information. It provides a holistic overview of scheme performance including historical water usage, budgeted and actual operational expenditure, forecasting operational expenditure, renewals and annuity fund balances.

Seqwater encourages comments and suggestions on the content of this SPR as this forms a valuable part of the scheme’s operations and planning process. Customers may provide feedback via phone, email or post:



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Our Scheme

The Scheme was established following the construction of Moogerah Dam in 1961. The Scheme provides water for the irrigation of about 8,000 ha of farms as well as for urban and industrial water users. The Scheme is regulated under the Moreton Water Management Protocol and managed under the Warrill Valley Water Supply Scheme Operations Manual. The water year runs from 1 July to 30 June.

Our Customers

The following table sets out the distribution of water allocations amongst classes of customers.

Table 1: Ownership of water allocations

Customer type	Number of customers	Medium priority volume (ML)	High priority volume (ML)
Irrigation	246	19,703.5	-
Non-irrigation	25	441	-
Urban	2	-	254
Ipswich City Council	1	10	-
Scenic Rim Regional Council	1	4	-
Seqwater (losses)	-	3,714	-
Seqwater	-	11	5,696
Totals	275	23,883.5	5,950

Source: Moreton Resource Operations Plan June 2014; Seqwater (2021)

Working Together

Seqwater is committed to customer engagement and working with our customers in understanding their needs to improve customer satisfaction. This past year we have increased our communications by providing more regular information especially on forecast announced allocations which assists our customers with planning for the new water year. We are now using text (SMS) messaging and email communications more and more as this type of communication is timelier and more cost effective than postage.

We have continued to work through what our customers have told us in the 2020 survey and some improvements that our customers would have already noticed include:

- Receiving invoices at more consistent intervals as we have improved our internal process and implemented a billing KPI
- Shortening of time between the end of quarter and when we issue water statement (showing your water balance (ML)) as we have implemented a KPI for the issuing of water statements
- Introduced “Customer Connect” online trading forum in March 2021.

The Customer Connect initiative came from listening to our customers and their need to be able to connect to other customers when they were wanting to buy or sell water, permanently or temporarily. Customer Connect is simple to use and free to our customers.

We are planning now for the 2021 customer survey which will be held later in the year, so we are looking forward to hearing from you then.

Once again due to Covid-19 we have not been able to hold the customer forums safely during the 2020-21 year, however, we are planning to bring the forums to you in October 2021, where we can catch up with our customers face to face.

We will continue to engage with our customers in many ways, including customer reference group meetings, customer forums, information bulletins, surveys, web-based information and listening to our customers.

Our Service Targets

Service Targets help Seqwater better understand how our services meet our customers water needs. These have been based on consultation with our customers to develop these water supply arrangements to deliver water as efficiently as possible for our customers in the Warrill Valley Water Supply Scheme. The table below shows the performance against the agreed Service Targets for the last two years.

Table 2: Service Targets 2019-20 and 2020-21

Notification	Target	Performance		
		2019-20	2020-21	
Planned	Shutdowns planned to exceed 2 weeks	8 weeks	Nil	Nil
	Shutdown to exceed 3 days < 2 weeks	2 weeks	Nil	1
	Shutdown < 3 days	5 days	Nil	1
Unplanned	Shutdowns will be fixed so at least partial supply can be resumed	48 hours	Nil	Nil
	Interruptions greater than above	> 48 hours	Nil	Nil
	Interruption to supply	Earlier of 24 hrs & end of 1 st business day	Nil	Nil
Planned & Unplanned	Interruptions to supply per water year	6 events	Nil	6
Meter Repairs	Faults causing restriction to supply after Seqwater has been notified	1 working day	Nil	Nil
Complaints	Initial response to complaints via post, email, or telephone.	5 working days	Nil	Nil
	Resolution or response to complaint on why it has not been or cannot be resolved within period of receiving complaint	21 days	Nil	Nil

Source: Seqwater (2021)

Our Water

The announced allocation determines the percentage of nominal water allocation volume that is available in each water year. The following table sets out the announced allocations for the current year plus the historical position from 2007-08.

Table 3: Announced allocations

Year	HP %	MP %	Year	HP %	MP %	Year	HP %	MP %
2007-08	100	0	2013-14	100	100	2019-20	100	100
2008-09	100	5-71	2014-15	100	100	2020-21	100	19-96
2009-10	100	30-72	2015-16	100	100	2021-22	100	77-80*
2010-11	100	56-100	2016-17	100	100			
2011-12	100	100	2017-18	100	100			
2012-13	100	100	2018-19	100	100			

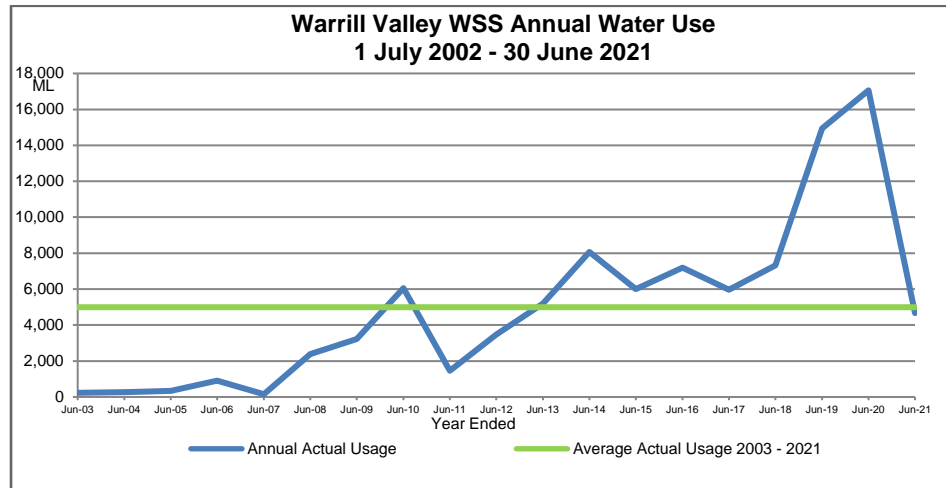
* As at 30th September 2021. Source: Seqwater (2021)

Due to the low level of Moogerah Dam and the dismal outlook for the 2020-21 water year for medium priority (MP) allocation holders, Seqwater and our customers worked together to look at options to improve the water sharing rules. The aim was to provide more available water to the MP water allocation holders while continuing to maintain town water security.

In October 2020, Seqwater received approval from the Department of Natural Resources Mine & Energy (now known as Department of Regional Development Manufacturing and Water) for our proposed changes to the Operations Manual for the Warrill Valley Water Supply Scheme. The new rules provided an increase to MP allocation of 12%, raising the announced allocation from 19% to 31%.

Figure 1 below shows the actual water usage per year from 2002-03 to 2020-21. It also shows the average water usage over the 18-year period.

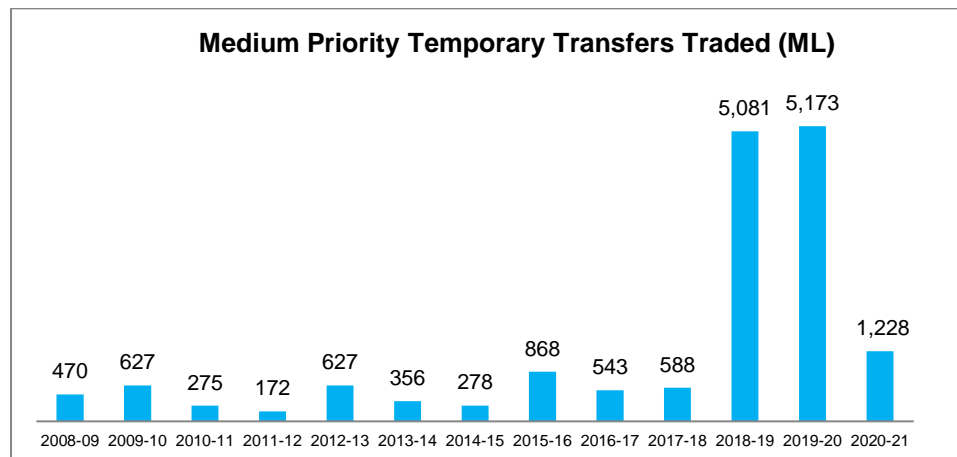
Figure 1: Annual Scheme water usage for years ending 30 June 2003 to 30 June 2021



Source: Seqwater (2021)

Figure 2 below sets out the annual volumes of temporary transfers by year from 1 July 2008.

Figure 2: Warrill Valley temporary transfers from 2008 to 2021



Source: Seqwater (2021)

Our Operations

The table below sets out the bulk water assets, owned and operated by Seqwater, that comprise the scheme.

Table 4: Bulk water assets

Dams	Weirs	Other bulk water assets
Moogerah Dam	Upper Warrill Diversion Weir Kents Lagoon Diversion Weir Aratula Weir Warrill Creek Diversion Weir Waroolaba Creek Diversion Weir West Branch Warrill Diversion Weir Churchbank Weir Railway Weir	Gauging stations Customer water meters Upper Warrill Creek Diversion Channel

Source: Seqwater (2021)

Moogerah Dam started the 2020-21 water year at 28.1% with a volume of 23,577ML. The dam level continued to drop to its lowest level of the water year in mid-March 2021. Much needed inflows came that saw the dam level skyrocketing to 42% by the end of March 2021. This rain event secured supply for the remainder of the 2020-21 water year.

The Operations Team were kept busy during 2020-21 with routine maintenance works and multiple other projects. The Team performed safety improvements at Junction and Churchbank Weir by installing removable handrails. Addressed erosion and cattle issues by completing 2.5km of fencing repairs on the Upper Warrill Diversion at Charlwood and Aratula. Repaired the leaking clay lining on the Upper Warrill Diversion weir and replaced flow meters were installed at Normanby and Black Gully Harrisville to assist in scheme operations.

Due to multiple pipeline breaks at the Johnson property in Aratula and supply reliability becoming an issue, subsequently the 6m section of damaged 1100mm concrete pipe was removed and a mild steel devtar coated section was installed to address the issue.

At Aratula Weir, a large fallen tree was causing erosion to the right abutment, the tree was removed to restabilise the bank.

Below are some photos of the work the Operations Team performed in 2020-21.

Figure 3: Repairs at the West Branch Diversion weir to elevate erosion issues, before and after.



Figure 4: Upper Warrill pipe line breakages works.



Figure 5: Aratula Weir –Before and after photographs are below.



Source: Seqwater (2021)

Our Water Prices

Irrigation charges for 2021-22

Seqwater’s responsible Ministers issued the *Seqwater Rural Water Pricing Direction Notice (No. 1) 2021* which sets out the rural irrigation water prices and associated fees Seqwater must charge from 1 July 2021 to 30 June 2024. The 2021-22 base price for Part A & B fees is the 2020-21 QCA (Queensland Competition Authority) recommended price with a 15% discount applied.

The table below shows the discounted price that irrigators are paying (includes 15% discount), the QCA recommended price (excluding discount), and the cost reflective prices. Because the regulated prices for 2020-21 are higher than the cost-reflective prices, Seqwater has undertaken to transfer the surplus revenue into the Asset Revaluation Reserve (ARR) at the end of the financial year. This is represented in the ARR account.

Table 5: Warrill Valley water prices 2021-22 (Nominal \$/ML)

Tariff Type	Your Price 2021-22 \$/ML	QCA Recommended 2021-22 \$/ML	Cost Reflective Price 2020-21 \$/ML
Fixed (Part A)	21.60	25.41	19.24
Volumetric (Part B)	7.37	8.67	12.17

Source: *Seqwater Rural Water Pricing Direction Notice (No. 1) 2021* and Queensland Competition Authority, Final Report, Rural irrigation price review 2020–24 Part C: Seqwater, January 2020

Non-Irrigation water charges for 2021-22

Seqwater sets the non-irrigation water prices using the costs adopted by the QCA in their 2020-24 irrigation price review adding a return of capital and return on capital values.

Table 6: Non-irrigation prices 2021-22 (Nominal \$/ML)

Tariff Type	Medium Priority 2021-22 \$/ML	High Priority 2021-22 \$/ML
Fixed (Part A)	25.41	325.81
Volumetric (Part B)	12.17	12.17

Source: Seqwater (2021)

Our Expenditure

The following table sets out Seqwater’s detailed actual expenditure compared to the 2020-21 target budget which was extrapolated from the budgets recommended by the QCA in the 2020-24 price review. Also shown is the detailed budget recommended by the QCA for 2021-22. Explanations of material variations are set out in the table below.

Table 7: Operating expenditure for 2020-21 and budget 2020-21 (\$Nominal)

Operating cost Item	2020-21		2021-22
	Budget (\$)	Actual (\$)	Budget (\$)
Direct operating costs			
Labour	271,714	441,061 (1)	278,507
Electricity	8,817	9,033	8,955
Other	94,956	111,785 (2)	97,058
Repairs and maintenance	237,220	139,728 (3)	242,701
Rates	104,903	108,466	107,211
Dam Safety	-	-	7,334
Total direct operating costs	717,610	810,073	741,766
Non-direct operating costs			
Operations	369,615	341,160	377,746
Non-infrastructure	13,242	22,903 (4)	13,533
Insurance	44,304	45,097	45,279
Total non-direct costs	427,161	409,160	436,558
Total operating costs	1,144,771	1,219,233	1,178,324

Source: Seqwater (2021); QCA Final Report, Seqwater Irrigation Price Review 2020-24 (February 2020)

Notes:

- (1) Additional internal labour was used to undertake maintenance resulting in a shift of costs between cost categories.
- (2) Materials and consumables for repairs and maintenance by internal staff, resulting in a shift of costs categories
- (3) As per (1) above, maintenance was mainly undertaken by internal staff resulting in a shift of costs between cost categories.
- (4) Higher corporate and indirect operating costs resulted in a higher indicative allocation of costs to the scheme.

Our Cost Outlook

Seqwater’s costs are subject to review by the QCA at the end of each price-path. The price-path commenced on 1 July 2020 for four years to 2024. The table below sets out the forecast efficient costs as recommended by the QCA.

Table 8: Recommended forecast operating costs for 2020-21 to 2023-24 (\$Nominal)

Operating cost item	2021-22 (\$)	2022-23 (\$)	2023-24 (\$)
Direct operations	384,521	394,761	405,197
Repairs and maintenance	242,701	248,992	255,427
Dam safety	7,334	27,180	7,705
Rates	107,211	109,891	112,639
Non-direct costs	436,558	447,472	458,659
Total operating costs	1,178,324	1,228,296	1,239,627

Source: Seqwater (2021); QCA Final Report, Seqwater Irrigation Price Review 2020-24 (February 2020)

Our Annuity

The balance of the renewal annuity funds is recorded in the Asset Restoration Reserve (ARR). The ARR account for 2020-21 for this scheme, prepared on an irrigation-only basis, is presented below. The irrigation share of renewals excluding meters is 10%.

Table 9: Warrill Valley WSS Asset Restoration Reserve irrigation share only (\$Nominal)

Asset Restoration Reserve	2020-21
	(\$)
Opening Balance 1 July	-917,365
Interest for year	-40,089
Revenue – irrigation	73,641
Revenue above cost reflective price	116,401
Expenditure for year – non-metering	-14,803
Expenditure for year – metering	-2,178
Closing Balance 30 June	-784,393

Source: Seqwater (2021)

* The interest rate is based on the Queensland Competition Authority's recommended weighted average cost of capital (WACC) of 4.37% post-tax nominal.

Our Renewals

2020-21 renewals

The following table sets out the renewal projects that were undertaken 2020-21.

Table 10: Renewal projects 2020-21

Asset	Project description	Budget cost (\$'000)	Actual cost (\$'000)
Warrill Valley	Repair Irrigation Pipe	-	84 ⁽¹⁾
	Fencing (Carryover 2019-20)	60	64
Moogerah Dam	Carryover 2019-20: Outlet works safety ⁽²⁾ Refurb Pavilion Roof ⁽³⁾	-	0.1
Meters	Replace Water Meter (Carryover 2019-20)	-	2

Source: Seqwater (2021)

Table 10 Notes:

- (1) Additional project
- (2) Design work carried out in 2020-21 but delivery of project was delayed.
- (3) Residual costs carried over from completion of project in 2019-20

2021-22 renewals

There are no renewals scheduled for Warrill Valley Water Supply Scheme in 2021-22.

Asset management plan

Seqwater has an Asset Portfolio Master Plan (APMP). The renewals projects for irrigation schemes in the APMP were reviewed by the QCA during the 2020-24 price review and were found to be prudent and efficient.

Listed below are the renewal projects forecast for the next 5 years. This forecast is updated each year.

Table 11: Warrill Valley tariff group rolling 5-year renewals forecast 2022-2027 (\$Nominal)

Asset	Project description	Year	Forecast cost (\$'000)
Warroolaba Creek Diversion	Replace Offtake Valve	2023/24	129
Moogerah Dam	Downstream Road	2023/24	208
Scheme	Install Hydraulic Actuator to Railway Weir and Junction Weir	2022/23	156
	Replace Fencing	2023/24	107
	Normanby Gully Diversion	2024/25	218
Meters	Upgrade flow meters	2022/23	1,051 ⁽¹⁾
Upper Warrill Diversion	Pipe renewal	2022/23	158

Source: Seqwater (2021)

Notes:

- (1) Final metering costs to bring meters to Seqwater's' metering standard and to improve measurement accuracy.